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SUBJECT: TAIWAN'S NCC STRUGGLES TO BUILD ORGANIZATION,
CREDIBILITY

REF: A. 05 TAIPEI 3344

- [1](#)B. 05 TAIPEI 4423
- [1](#)C. 05 TAIPEI 4482
- [1](#)D. 05 TAIPEI 4883
- [1](#)E. 05 TAIPEI 5046
- [1](#)F. TAIPEI 596

Classified By: AIT Deputy Director David Keegan, Reason 1.4 b/d

[1](#)1. (SBU) Summary: The National Communications Commission was officially appointed February 22. In its first days, it has struggled with organizational issues and turf disputes and has overturned a controversial decision on broadcast cable licenses. In a further attempt to bolster the NCC's credibility, commissioners agreed to adopt a self-discipline agreement that would prohibit most outside employment and forbid receiving any gifts or other considerations from those who might potentially have interests before the NCC. Commissioners also spent several days discussing cable television channel distribution. The NCC's agenda over the first three weeks reflects some recognition that it needs first to establish its credibility after a bitter partisan process that led to four of the thirteen selected commissioners to refuse to sit on the NCC. End Summary.

[1](#)2. (SBU) Since the NCC commissioners began conducting public business March 1, 2006 Chairman Su Yeong-chin and the eight sitting commissioners have been focused on learning just what their new responsibilities may include. The NCC was created to be an independent telecom and media regulator, with the power to establish rules and approve licenses. It draws significant parts of its duties and staff from the Directorate General of Telecoms (DGT) and the Government Information Office (GIO). The NCC Preparatory Plan calls for a Commission overseeing 700 staffers in six departments (planning, operations, legal affairs, technology, information management, and content), four administrative offices and three monitoring stations. But the scope of the NCC's responsibilities is still subject to bureaucratic turf battles. The Ministry of Transportation and Communications (MOTC) is eager to retain its power to allocate frequencies to broadcasters and telecommunications providers and has refused to release 50 of its DGT-based staff to join the NCC.

13. (U) The NCC Preparatory staff envisioned a system where individual commissioners would focus on different issues, with the full commission coming together to discuss and vote on policy questions. Currently, all of the commissioners share one office in the NCC Preparatory building and have no assigned staff. DGT and GIO staff remain in their respective offices, and channels of responsibility, much less authority, are unclear. Although space for the NCC and assigned staff has reportedly been identified, it is likely to be some time before commissioner's offices and staff can be co-located.

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NCC Tries to Establish its Credibility

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14. (U) In what appears to be an effort to demonstrate their impartiality and boost the credibility of the NCC, commissioners unanimously approved a strict code of conduct that forbids commissioners from taking full-time paid positions outside the NCC and prohibit any professional relationship with any group or company that might have issues before the NCC. Part-time university teaching duties are not prohibited. Receiving gifts from anyone with a potential interest before the NCC is strictly barred, regardless of the size of the gift. Commissioners also announced that the NCC would make its meeting records public, although it did not specify when records would be released after each meeting.

15. (U) The Commission took another step that should increase its credibility when it approved the recommendation of the Executive Yuan's "Broadcast License Petition Screening Committee" to renew the broadcast license of the Longshong Movie Channel. Longshong's broadcast license was revoked in August 2005 after a controversial GIO decision to reject license renewals of 7 cable stations, including news channel ETTV-S. The EY committee found that Longshong's financial situation was not as bad as GIO had believed. The EY

committee also recommended the license for ETTV-S be renewed.

On March 10, the NCC approved the renewal of Longshong's cable license and is expected to approve the license renewal for ETTV-S soon.

16. (SBU) While publicly announcing a code of conduct and renewing cable TV licenses are positive steps, establishing the NCC's credibility is likely to be a difficult task. The nomination and selection process for commissioners was widely seen as tainted by political pressure. Dr. Lu Chung-chin's (nominated by the DPP) December decision to refuse to serve on the NCC and the subsequent resignation of Lin Yi-ping (KMT), Weng Hsiu-chi (DPP) and Chen Ming-syan (DPP) in February, was a serious blow not only to the NCC's ability to appear independent, but also to the Commission's expertise on telecom matters. Three of the four resigned commissioners were telecom experts, leaving Hsieh Jin-nan (TSU) as the only commissioner with a background in telecom issues.

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Telecom Experts Doubt NCC's Impartiality

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17. (C) Lu and Lin are two of Taiwan's more active and knowledgeable academics working in the field of telecom policy and their resignations from the NCC leave a large hole in the Commission's telecom expertise. Although nominated by the DPP and the KMT respectively, neither are party members and both claimed not to have any strong political preference.

Both Lu and Lin told AIT that their resignation was a direct result of what they perceived as political gamesmanship, first in the nominating process and then in the decision by Premier Su to appoint the NCC Commissioners and simultaneously appeal the establishment of the body to the Council of Grand Justices. Their shared concern was that the NCC would be divided by partisan bickering that would make rational decision-making impossible.

18. (C) Former Vice-Minister of MOTC and retired CEO of Chunghwa Telecom Dr. Mao Chi-kuo agreed that the process of

establishing the NCC had been seized upon by the political parties to score partisan victories and that the credibility of the NCC had suffered as a result. Although Mao was optimistic that the nine remaining commissioners would carry out their duties to the best of their abilities, the controversy has already made success difficult. Cooperation with the existing bureaucracy in DGT, GIO and MOTC would be critical to the NCC's performance and Mao expected NCC Chairman Su Yeong-chin to spend considerable effort to reach a consensus with relevant agencies on a vision for Taiwan's future.

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Lack of Telecom Expertise Worrying

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¶9. (C) Lu, Lin and Mao all expressed concern about the commissioner's lack of telecom expertise and the ability of the NCC to effectively regulate the telecom sector. Digital convergence between telecom and cable operators is widely touted as the key to future development in both industries but the NCC lacks staff and commissioners familiar with the issues. Lin offered that commissioners' lack of expertise in telecom policy is not a fatal flaw if they are able to benefit from a strong advisory committee but suggested that DGT was not up to the job, noting that DGT's Telecom Technology Committee was a holding ground for imminent retirees and was not up to speed on the latest technological advances. Lu agreed that the commissioners' lack of telecom expertise would make it difficult for the NCC to regulate in the telecom sector, adding he saw no indication that the NCC was ready to consider key digital convergence issues.

¶10. (C) Comment: The NCC's early focus on broadcast issues is driven by the same domestic political concerns over control of the media that shaped the membership of the Commission. While early steps to establish the impartiality and credibility of the commissioners are positive, serious questions remain about their independence and lack of experience in telecoms. These questions will only compound the difficulties faced by the NCC as it tries to build a new

organization, merge GIO and DGT staff, and define and defend its bureaucratic turf. NCC Chairman Su Yeong-chin publicly predicted that it could take several years before the NCC was widely viewed as a credible and effective independent regulator. We see no reason to disagree. End Comment.

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